

1918 Rept.

JEWEL TEA CO., INC.

GENERAL OFFICES:
1327 WASHINGTON BOULEVARD
CHICAGO, ILLS.

PLANTS:

CHICAGO NEWARK NEW ORLEANS SAN FRANCISCO

DIRECTORS:

HENRY S. BOWERS	F. P. ROSS
A. W. De LATOUR	F. V. SKIFF
W. H. EULASS	V. W. SKIFF
ARTHUR LEHMAN	J. E. STRATMAN

OFFICERS:

F. V. SKIFF, President	
V. W. SKIFF, Vice President	
F. P. ROSS, Secretary and Treasurer	
J. E. STRATMAN, Asst. Sec'y	
A. W. De LATOUR, Asst. Sec'y	

TRANSFER AGENT:

COLUMBIA TRUST COMPANY, 60 Broadway, New York City

REGISTRAR:

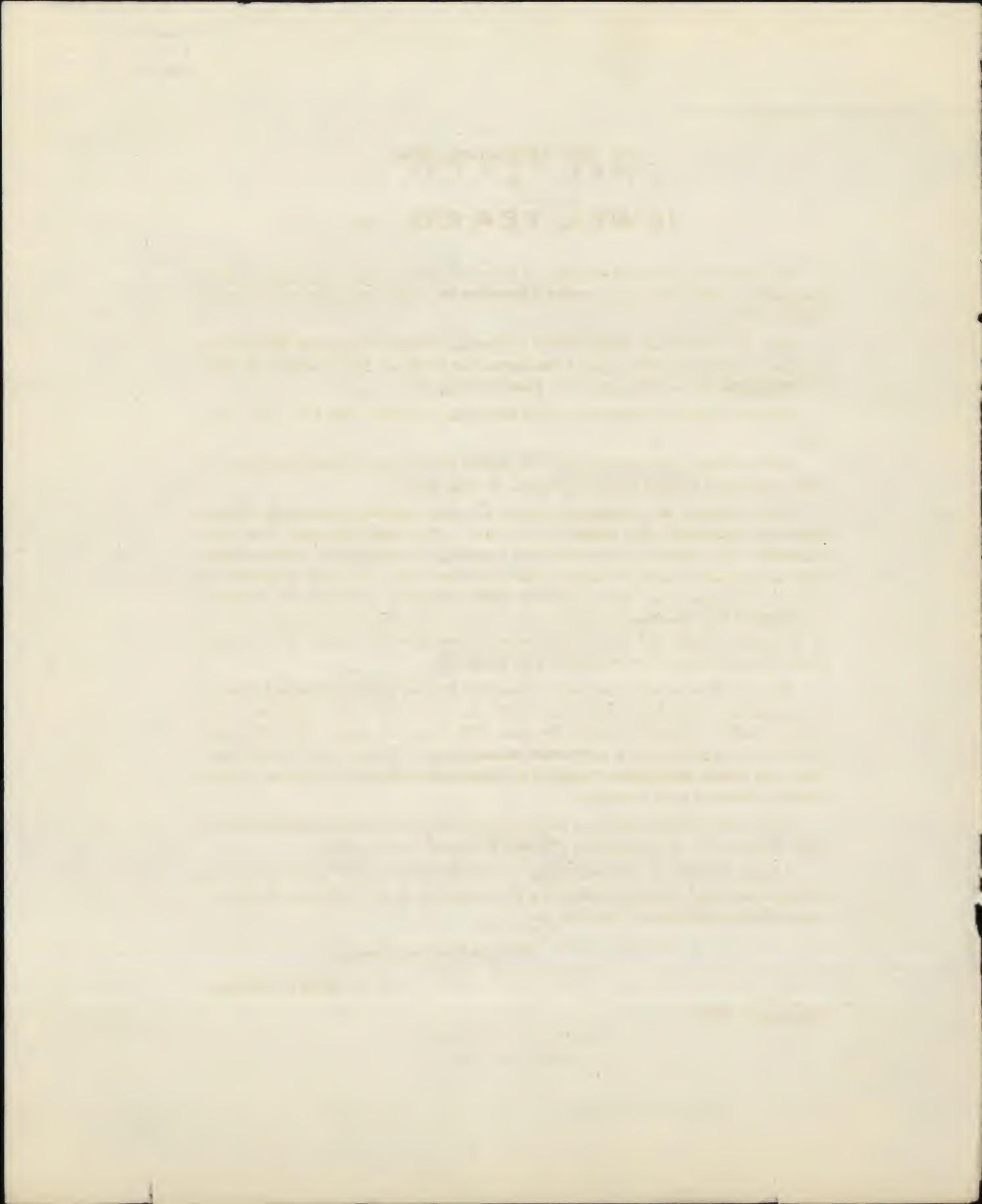
LAWYERS TITLE & TRUST CO., 160 Broadway, New York City

AUDITORS:

TOUCHE, NIVEN & CO., Public Accountants
New York and Chicago

GENERAL ACCOUNTANT:

ALBERT S. SCOTT



TO THE STOCKHOLDERS
OF
JEWEL TEA CO., INC.

The Directors present herewith the financial results of the operations of your Company for the fiscal year ended December 31, 1918, together with General Balance Sheet.

The Net Operating Profit before deducting Federal Taxes was \$980,737.51 on sales of \$15,598,495.81, against Net Operating Profit of \$1,572,526.98 on sales of \$15,847,603.59 for the year ended December 31, 1917.

Federal Taxes are estimated at \$35,000.00 as compared with \$121,718.72 last year.

After making these deductions, the profits for the year ended December 31, 1918, amounted to \$945,737.51, or 6.06% of total sales.

The Company was confronted during the past year with extremely difficult operating conditions, due largely to the war. Our labor turn-over was most abnormal and expensive; transportation conditions, particularly in the winter, and, as a matter of fact, throughout the year, were bad, and much increased our cost of operation, and, incidentally, at times decidedly curtailed our business. In addition, the Government commandeered our main plant at Hoboken, forcing us to acquire, equip and move into emergency quarters at Newark, N. J. All of these factors affected our operations very adversely.

War conditions have also been responsible for the greatly increased number of transients amongst our customers, with the result that cash collections were not so readily obtainable during the year 1918 as in the past. The Directors, therefore, have written off a substantial amount, partly charged to Current Operations and partly to Surplus, which it is believed is sufficient to provide for any probable losses in such accounts.

There has also been made an adjustment in Surplus Account at December 31, 1917, required by over-valuation of goods in transit at that date.

I take pleasure in acknowledging, on behalf of the Board of Directors, the efficient and loyal services rendered by the employees of the Company during the very difficult conditions of this last year.

For the Board of Directors,

F. V. SKIFF, President.

February 8, 1919.

JEWEL TE
GENERAL BALANCE SHEET

ASSETS

CURRENT ASSETS:

Inventories of Merchandise and Premiums.....	\$ 6,286,764.32
Mortgages and Notes Receivable.....	5,197.32
Accounts Receivable (Less Reserve).....	974,335.50
Trust Funds—Investments (Surety Deposits per Contra).....	62,903.81
Common Stock in Treasury, held for Distribution to Employes.....	7,567.87
U. S. Government Liberty Bonds, including those acquired on account of Employes' subscriptions, less payments on account thereof.....	38,033.50
Cash at Banks, on Hand and in Transit.....	588,813.57
Total Current Assets.....	\$ 7,963,615.89

DEFERRED CHARGES TO OPERATIONS:

Merchandise Premiums (at Cost) Advanced to Customers (less Reserve) ..	\$ 1,156,857.13
Branch Development Expenses.....	112,586.98
Inventories of Expense Supplies.....	37,020.05
Unexpired Insurance Premiums.....	21,976.48
Prepaid Interest.....	47,788.88
Leasehold Purchases and Improvement Expenses.....	21,493.70
Total Deferred Charges.....	1,397,723.22

CAPITAL ASSETS (Less Depreciation Reserve):

Land and Buildings.....	\$ 293,341.54
Machinery, Furniture and Fixtures:	
Chicago, Ill.....	\$ 43,048.32
Newark, N. J.....	39,202.61
New Orleans, La.....	25,034.16
San Francisco, Cal.....	13,596.69
	120,881.78
Horses, Wagons and Miscellaneous Chattels—Chicago and Branches.....	848,397.31
Goodwill.....	12,000,000.00
Total Capital Assets.....	13,262,620.63

\$22,623,959.74

A CO., INC.
ET—DECEMBER 31, 1918

LIABILITIES

CURRENT LIABILITIES:

Letters of Credit and Acceptances.....	\$ 255,426.58
Notes Payable.....	2,931,500.00
Accounts Payable.....	582,982.34
Preferred Stock Dividends Payable.....	66,260.25
Accrued Wages.....	39,376.36
Accrued Taxes (including Federal Income Tax for the Year 1918).....	44,775.75
Surety Deposits (Specific Fund per Contra).....	56,853.81
Reserve for Redemption of Profit-Sharing Coupons.....	41,326.40
Total Current Liabilities.....	\$ 4,018,501.49

PURCHASE OBLIGATION:

Newark, N. J. Property.....	32,500.00
-----------------------------	-----------

CAPITAL STOCK:

Authorized and Issued:

7% Cumulative Preferred Stock:	
40,000 Shares par value \$100 each.....	\$4,000,000.00
Less: 2,400 Shares retired up to and including June 30, 1918.....	240,000.00

37,600 Shares Outstanding.....	\$ 3,760,000.00
--------------------------------	-----------------

Common Stock:	
120,000 Shares, par value \$100 each.....	\$12,000,000.00

Total Capital Stock.....	15,760,000.00
--------------------------	---------------

SURPLUS :

Capital Surplus.....	\$ 737,138.50
Appropriated for Redemption of Preferred Stock as above.....	240,000.00
Current Surplus:	
Balance, Jan. 1, 1918 (Adjusted).....	\$1,929,409.92
Add: Net Profits for the Year ended December 31, 1918... .	695,737.51
	\$2,625,147.43

Less:

Preferred Stock Dividends paid or declared..	\$ 266,859.45
Appropriated for Redemption of Preferred Stock.....	109,881.25
Proportion of Branch Development Expenses..	112,586.98
Proportion of Reserve for Slow and Doubtful Accounts.....	300,000.00 789,327.68 1,835,819.75

Total Surplus.....	2,812,958.25
--------------------	--------------

CONTINGENT LIABILITY:

On account of Letters of Credit issued and Drafts not presented, for Shipments in transit at December 31st, 1918, amounting to \$1,110,681.63

\$22,623,959.74

JEWEL TEA CO., INC.

INCOME ACCOUNT

TWELVE MONTHS, ENDED DECEMBER 31, 1918.

NET SALES.....	\$15,598,495.81
Less:	
Cost of Sales, including Raw Materials, Labor, Supplies, Operating Expenses, etc.....	\$14,472,114.35
Interest and Discount.....	145,643.95
	<u>14,617,758.30</u>
NET PROFIT before deducting Federal Income Tax and other charges.....	\$ 980,737.51
Deduct:	
Reserves:	
For Slow and Doubtful Accounts.....	\$ 250,000.00
For Federal Income Tax.....	35,000.00
	<u>285,000.00</u>
NET PROFIT for the year, transferred to Surplus Account.....	\$ 695,737.51

CERTIFICATE OF AUDIT

We have audited the books and accounts of Jewel Tea Co., Inc., for the year ended December 31, 1918, and hereby certify that, in our opinion, the foregoing Balance Sheet and relative Income Account correctly set forth the financial condition at December 31, 1918, and the Results from Operations for the year then ended, respectively.

TOUCHE, NIVEN & CO.

Public Accountants.

February 8th, 1919.

